

Message Text

SECRET

PAGE 01 BEIRUT 07748 181529Z

42

ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 NSC-05 EB-07 CIAE-00 INR-07

NSAE-00 DODE-00 TRSE-00 OMB-01 FRB-03 EUR-12 PM-03

L-03 CEA-01 STR-04 CIEP-01 COME-00 /075 W

----- 083596

R 181434Z JUN 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 4861

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY TRIPOLI

USINT BAGHDAD UNN

S E C R E T BEIRUT 7748

E.O. 11652: GDS

TAGS: PFOR, EFIN, LE

SUBJECT: MONEY MOVEMENTS INTO LEBANON

REF: BEIRUT 7609

1. CALLED THIS MORNING ON GOVERNOR CENTRAL BANK ELIAS SARKIS AND REFERRED TO PRESIDENT'S STATEMENTS REFTEL RE MONEY FLOW FROM LIBYA. SARKIS CONFIRMED OVER 35 MILLION DOLLARS HAD MOVED FROM LIBYA INTO LEBANON DURING MONTH OF MAY. HE SAID THIS WAS BASED ON "PRIVATE" INFORMATION HE HAD FROM BANKING SOURCES AND THAT THREE BANKS WERE INVOLVED, THE MOST IMPORTANT OF WHICH WAS BANK OF BENELUX IN BELGIUM. HE ALSO HAD "RELIABLE" INFORMATION THAT MONEY TRANSFER IS CONTINUING IN THE NEIGHBORHOOD OF ONE MILLION DOLLARS PER BANKING DAY. IMPORTANT SUMS ALSO ARRIVING FROM SAUDI ARABIA AND IRAQ. AS IN THE CASE OF THE LIBYAN TRANSFERS HE DID NOT REPEAT NOT KNOW ULTIMATE BENEFICIARY BUT ASSUMED SAUDI PAYMENTS WERE TO ARAFAT CONTROLLED ELEMENTS PLO WHEREAS FUNDS FROM IRAQ AND LIBYA PROBABLY SENT

SECRET

SECRET

PAGE 02 BEIRUT 07748 181529Z

TO REJECTIONIST ELEMENTS OR LEFTIST LEBANESE ORGANIZATIONS.

2. SARKIS BELIEVES CURRENT POSITION OF LEBANESE POUND VIS-A-VIS DOLLAR ATTESTS TO IMPORTANCE TRANSFERS INTO LEBANON FROM THREE COUNTRIES MENTIONED ABOVE. HE SAYS HE KNOWS SOME LEBANESE ARE TRANSFERRING CAPITAL FROM LEBANON TO SAFER AREAS. THESE TRANSFERS BEGAN IN APRIL, FOLLOWING EVENTS OF THAT MONTH AND HAVE BEEN INCREASING EVER SINCE. SINCE TRANSFERS MADE IN DOLLARS, SARKIS AS MYSTIFIED AS WE ARE WITH FACT THAT DOLLAR CONTINUES ON BEIRUT MARKET STABLE AT ONLY 2.22 LEBANESE POUNDS. NOTWITHSTANDING THIS RELATIVELY LOW PRICE FOR THE DOLLAR, COMMERCIAL TRANSFERS NEGLIGIBLE DUE INTERNAL INSTABILITY, BLOCKAGE OF PORT AND FEAR OF MERCHANTS TO TIE FUNDS UP IN LONG LEAD TIME PURCHASES.

3. SARKIS HOPES DOLLAR WILL RISE, NOT ONLY TO ASSIST LEBANESE EXPORTS, BUT ALSO AS INDICATION REDUCED ARAB TRANSFER TO THE LEBANON. HE IS NOT REPEAT NOT OVERLY CONCERNED RE CAPITAL EXPORT; IT WILL FLOW BACK IF AND WHEN SECURITY RE-ESTABLISHED.

4. SARKIS FASCINATED BY MONEY FLOW INTO LEBANON. AS DEPARTMENT AWARE, LIBYAN COMMERCIAL BALANCE ABOUT ONE TO THREE AGAINST LEBANON; NEVERTHELESS IN THE PAST BALANCE OF PAYMENTS STRONGLY IN FAVOR OF LEBANON. LATTER SITUATION OBVIOUSLY DUE SERVICES RENDERED, INSURANCE, BANKING, TOURISM, ETC., NORMAL REMITTANCES FROM LEBANESE ABROAD TO FAMILIES OR INSTITUTIONS HERE, TRANSIT CHARGES, EMBASSY POUND EXPENSES BEIRUT (WE ESTIMATE POUND EXPENSES THIS MISSION PLUS EXPENDITURES BY U.S. GOVERNMENT PERSONNEL AT APPROXIMATELY 7.5 MILLION DOLLARS PER ANNUM), EDUCATIONAL INSTITUTIONS (AUB, ETC.) AND FINALLY, ARAB SUPPORT FOR PLO AND OTHER POLITICAL AND PROPAGANDA EFFORTS HERE. TOTAL LACK OF STATISTICAL DATA COMPLICATES EVEN GOOD GUESS ESTIMATES, BUT SARKIS IS TRYING TO COME UP WITH A FAIRLY INTELLIGENT ONE RE LAST ITEM.
GODLEY

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, CAPITAL FLOWS, EXTREMISTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BEIRUT07748
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750212-0725
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750636/aaaabgoc.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 75 BEIRUT 7609
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 01 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 AUG 2003 by CunninFX>; APPROVED <26 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MONEY MOVEMENTS INTO LEBANON
TAGS: PFOR, EFIN, LE, LY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006